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FINANCING OF THE UNITED NATIONS PROTECTION FORCE, THE UNITED NATIONS CONFIDENCE RESTORATION OPERATION IN CROATIA, THE UNITED NATIONS PREVENTIVE DEPLOYMENT FORCE AND THE UNITED NATIONS PEACE FORCES HEADQUARTERS

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General contained in document A/50/696/Add.7 on the financial performance of the United Nations Protection Force (UNPROFOR), including its strengthening with a rapid reaction capacity, the United Nations Confidence Restoration Operation in Croatia known as UNCRO, the United Nations Preventive Deployment Force (UNPREDEP) and the United Nations Peace Forces (UNPF) headquarters for the period from 1 July to 31 December 1995. The Advisory Committee has also considered the report of the Secretary-General contained in document A/50/696/Add.6 on decentralization of administrative functions of the United Nations Mission in Bosnia and Herzegovina (UNMIBH), the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and the United Nations Preventive Deployment Force (UNPREDEP) and reduction in the overall number of administrative staff submitted pursuant to paragraph 15 of General Assembly resolution 50/235 of 7 June 1996. During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General who provided clarifications and additional information.

Financial performance of UNPROFOR, including its strengthening with a rapid reaction capacity, UNCRO, UNPREDEP and UNPF for the period from 1 July to 31 December 1995

2. The performance figures for the period from 1 July to 31 December 1995 shown in the Secretary-General's report (A/50/696/Add.7) are compared with the total resources approved by the General Assembly for that period. Annex I to

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the performance report sets out by budget line item the original cost estimates, as reflected in documents A/49/540/Add.3 and Add.4, the revised cost estimates, as reflected in document A/50/696/Add.1, the total resources provided by the General Assembly in its resolutions 49/248 of 20 July 1995 and 50/235, as apportioned by the Secretariat on a pro rata basis, and the total expenditures for the reporting period broken down by recurrent and non-recurrent items.

3. As stated in the summary of the Secretary-General's report, the financial performance for UNPROFOR, UNCRO, UNPREDEP and UNPF for the period from 1 July to 31 December 1995 reflects expenditures of $861.3 million gross, resulting in an unencumbered balance of $27.7 million gross, as compared with the total appropriation of $889 million gross approved by the General Assembly in its resolutions 49/248 and 50/235; most of the savings resulted from the early repatriation of troops, beginning in October 1995, and the decisions of the Security Council to terminate the mandates of UNPROFOR and UNCRO on 20 December 1995 and 15 January 1996, respectively.

4. The Advisory Committee points out that the presentation and timing of performance reports for budgets of peacekeeping operations should be considerably improved, by including, first of all, detailed justification of all substantial variances from the previously approved budget figures. The Committee believes that the Organization's investments in technological innovations and the related decisions of the General Assembly on budget cycles, contingent-owned equipment, standardization of the budget process and format should bring about tangible improvements in the preparation of budget performance reports. In this regard, the Committee recalls the need for the most recent financial data to be made available (see A/49/664, pp. 36-38). The Committee expects to see improvements in the performance reports to be submitted in early 1997 and will follow up on the matter at that time.

5. The Committee requested but was not provided with the most up-to-date information on the total amount of obligations in the estimated expenditures of $861.3 million for the period from 1 July to 31 December 1995. The Committee points out, however, that in paragraph 153 of its report on the accounts of the United Nations peacekeeping operations for the biennium ended 31 December 1995, the Board of Auditors noted that the value of unliquidated obligations outstanding in UNPF totalled $151 million as at 31 December 1995 and that following a major review early in 1996, the mission cancelled about $55 million (i.e more than one third) of unliquidated obligations relating to the biennium 1994-1995. The Advisory Committee welcomes the efforts of the administration to improve accounting of UNPF expenditures and requests the Secretary-General to include information on unliquidated obligations, by budget line items, in his next report on the financing of the mission.

6. It is noted that the total appropriation of $889 million includes a provision of $112.4 million relating to the strengthening of UNPROFOR with a rapid reaction capacity. The Committee points out, in this connection, that voluntary contributions in kind totalling $21.2 million for the rapid reaction capacity have not been validated on the basis of standard United Nations procedures, as required under the terms of paragraph 8 of resolution 50/235. The Committee notes, from paragraph 24 of the Secretary-General's report, that additional information will be provided to the General Assembly as soon as it

becomes available. The Advisory Committee requests the Secretary-General to expedite actions in response to the provisions of paragraph 8 of resolution 50/235.

7. Paragraph 27 of the Secretary-General's performance report deals with extraordinary charges totalling $70 million against several budget line items resulting from the changes in the accounting for reimbursement of consumables. As stated therein:

> "This reimbursement for consumables provided by troop-contributing Governments in order for their troops to be self-sufficient for the first 30 to 60 days of operation is in accordance with the guidelines contained in the aide-mémoire provided to troop-contributing Governments. Previously, these amounts were charged against contingent-owned equipment, but they are now to be charged more appropriately against the resources apportioned under the related budget lines."

The Committee points out that these accounting changes were introduced without prior consultation with the Advisory Committee; as such the Committee was not in a position to examine the advantages to be achieved and the accounting procedures for the transitional period. Detailed information in this regard should be included in the Secretary-General's next report on the financing of the mission.

8. The Advisory Committee requested additional information on exactly how the expenditures of $70 million were arrived at. The Committee was informed that the amount of $70 million and its breakdown into eight categories of expenditures was determined after an extensive review of 24 of the 79 UNPF completed in-surveys was undertaken in December 1995 and that these items had not been double counted in past periods, as they were not included in the expenditures for prior mandates. According to this information, the breakdown of the categories of consumables is as follows:

	Percentage
Rations	3.23
Communications - spare parts	12.67
Other equipment - spare parts	6.63
Miscellaneous supplies	20.81
Medical supplies	3.97
Transport - vehicle spare parts	30.90
Transport - petrol, oil and lubricants	2.31
Field defence stores - ammunition	19.48
Total	100.00

9. The methodology used to estimate the total cost of $70 million involved extrapolating data obtained in only 24 completed in-surveys to 79 military units of UNPF. The Committee has serious doubts about extrapolating costs and requests updated comprehensive information and justification to be presented in the next performance report of the Secretary-General.

10. Annex II to the performance report provides supplementary information in respect of savings/overruns compared with the total resources made available for the period from 1 July to 31 December 1995. The Advisory Committee notes that the performance report in many cases did not provide satisfactory explanations for savings/overruns, some of which were quite substantial. An explanation of some significant overruns is merely a reference to changes in accounting for consumables (see para. 4 above).

11. The Committee notes from annex I of the report that a total expenditure of $113.6 million relates to the reimbursement of contingent-owned equipment. The Advisory Committee was informed that this amount represented essentially the best preliminary estimates of contingent-owned equipment calculated at 10 per cent per annum of the equipment value contained in the shipping records provided by troop contributors, as a usage charge. During its deliberations on the matter the Advisory Committee was informed that the total value of contingent-owned equipment would most likely be reviewed in the course of the surveys that are being conducted by UNPF staff and their subsequent negotiations with the contingents. The Committee requests that these negotiations be intensified with a view to estimating more precisely the value of contingent-owned equipment to be reflected in the next report of the Secretary-General on the issue.

12. The Advisory Committee requested and was provided in respect of UNPF with the following most up-to-date information regarding amounts owed for contingent-owned equipment:

	Millions of United States dollars
Total estimated amount owed	869.7
Amount reimbursed to date	282.3
Balance owed	587.4

13. The Committee notes that significant savings are proposed in connection with generator fuel ($3.3 million, annex II, para. 21), petrol, oil and lubricants for vehicles ($5.7 million, annex I, para. 30), aviation fuel and lubricants for helicopters ($2.1 million, annex II, para. 33) and petrol, oil and lubricants for fixed-wing aircraft ($6.4 million, annex II, para. 37). The savings are attributable both to reduction in fuel consumption and in its cost. The Advisory Committee points out, in this connection, that expenditures relating to petrol, oil and lubricants could have been even lower if UNPROFOR had not had to pay excise duty on its purchases of petrol, oil and lubricants or if it had had a better control over their usage. The Committee recalls that the

Board of Auditors in paragraphs 129 and 130 of its report on the accounts of the United Nations peacekeeping operations for the biennium ended 31 December 1995 1/ indicated that UNPROFOR had paid excise duty on its purchase of petroleum, oil and lubricants since 1 October 1993, contrary to the status-of-forces agreement and United Nations general conditions on contracts and that the duty, which was being paid under protest to avoid uninterrupted supply of fuel to UNPROFOR, was estimated to amount to $37 million by 31 March 1996.

14. The Advisory Committee was informed that a number of actions had been taken by the Organization in order to settle the issue of excise duty; these included meetings with high-level governmental officials and a letter sent to the Prime Minister; however, the Government had not responded to the numerous and insistent requests to reimburse the Organization. The Committee expresses concern about the payments of excise duty and requests that the Secretary-General actively pursue this matter with a view to successfully resolving it; information to this effect should be included in the Secretary-General's next report on the financing of the missions.

15. With regard to the issue of control over usage of petrol, oil and lubricants, the Advisory Committee expresses its concern about the findings of the Board of Auditors reflected in paragraphs 192 to 195 of its report on the accounts of the United Nations peacekeeping operations for the biennium ended 31 December 1995, namely, that three battalions could not account for a minimum of 1.5 million litres of fuel valued at approximately $750,000 and that almost 470,000 litres of fuel, valued at approximately $240,000, had been improperly claimed; as a result restitution had been sought from the vendors.

16. The Committee was informed, upon request, that corrective actions were being taken, which included issuing instructions to ensure that all military personnel were aware of United Nations requirements in terms of fuel recording and timely reporting to mission administration. The Advisory Committee believes that more should be done and requests the Secretary-General to take urgent measures to improve control over usage of petrol, oil and lubricants in UNPF, to investigate thoroughly possible fraud in their distribution to recover losses and to include information on the results of his efforts in his next report on the financing of the missions.

17. Paragraphs 18 to 23 of the performance report contain an explanation of savings of $22.3 million under premises and accommodation, of which savings of $1.2 million, relating to rental of premises, were due to the early repatriation of troops from UNCRO and UNPROFOR, the transfer of troops to the Implementation Force (IFOR) and the deployment of fewer international contractual personnel and United Nations Volunteers. The savings, however, could have been even more significant. The Advisory Committee recalls, in this connection, that the Board of Auditors, in paragraph 140 of its report on the accounts of the United Nations peacekeeping operations for the biennium ended 31 December 1995, pointed out, inter alia, that the military often took occupancy of sites without involvement from the civilian administration and that even though the status-of-forces agreement required the Government concerned to make available suitable accommodation to house the mission and its staff, the mission had to pay, under protest, commercial rents for most of the accommodation it rented from municipalities and Government-owned companies. The Board identified payments in

excess of $2.3 million for rental of Split port, which should have been provided by the host Government.

18. The Advisory Committee requests that the Secretary-General take the necessary measures to rectify the situation and to recover the losses of the Organization resulting from the violation by the Government of the provisions of the status-of-forces agreement, and to include information on the results of his efforts in the next report on the financing of the missions.

19. With regard to the reported savings of $27.8 million under air operations, the bulk of which ($17.4 million) relates to hire/charter of fewer than anticipated number of helicopters, the Advisory Committee points out that the Board of Auditors, in paragraph 78 of its report on the accounts of the United Nations peacekeeping operations for the biennium ended 31 December 1995, found that aircraft contracts were provided for services far in excess of need. The Committee once again recalls and reiterates the recommendation made in its report (A/50/802) that particular attention be paid to restricting the use of aircraft to essential operational needs and that the most cost-effective contractual arrangement be made with aircraft suppliers.

20. In paragraph 29 of his performance report, the Secretary-General states that the additional action to be taken by the General Assembly in connection with the financing of the combined forces is a decision on the treatment of the additional unencumbered balance of $227.4 million gross for the period from 1 October 1994 to 31 December 1995. The Advisory Committee was provided, upon request, with additional information on the status of assessment reproduced in the annex below. As can be seen, a total of $291.4 million remains to be assessed, of which $115.4 million gross remains to be assessed for the period under review. The latter amount can be absorbed from the unencumbered balance. As for future periods, the Advisory Committee points out that assessments could be set off against the remainder of the unencumbered balance ($112 million: $227.4 million - $115.4 million).

21. Taking into account the comments and observations of the Advisory Committee in the paragraphs above, the Secretary-General should be requested to clarify the issues raised by the Committee, including the need for and methodology of the proposed changes in the accounting for reimbursement of consumables, the status of unliquidated obligations, the violations of the provisions of the status-of-forces agreement and recovery of the Organization's losses. The Advisory Committee also recommends that the Secretary-General include the related information in his updated performance report for the missions to be submitted to the General Assembly through the Committee during its next session, in February 1997.

Decentralization of administrative functions of UNMIBH, UNTAES and UNPREDEP, and reduction in the overall number of administrative staff

22. The Advisory Committee notes from the executive summary of the Secretary-General's report of 10 July 1996 (A/501/696/Add.6) that it reflects the results of an in-depth review of the decentralization of additional administrative support functions undertaken during the month of June 1996.

23. As stated in paragraph 23 of that report, the revised requirements for central support services will not necessitate a change in the overall staffing projections, but will require a redistribution of posts to reflect a proposed reduction of eight posts (four Field Service and four Local level) for the transport spare parts warehouse to be offset by the establishment of four additional posts (two Field Service and two Local level) for the communications control centre and four additional posts (two Field Service and two Local level) for air operations.

24. It seems that the review has not resulted in much progress towards a centralized administrative structure. Be that as it may, the Committee recognizes that there may be considerations and constraints, other than technical ones, accounting for the current situation. Under the circumstances, the Advisory Committee has no objections to the Secretary-General's proposals; it trusts, however, that the question of administrative support in the area of the operations will be kept under review. The Committee intends to revisit the issue in the course of its consideration of the future reports of the Secretary-General on the financing of the operations.

Notes

1/ Official Records of the General Assembly, Fifty-first Session, Supplement No. 5 (A/51/5), vol. II.

ANNEX

A. United Nations Peace Forces: amounts not yet assessed (gross)

(United States dollars)

Period	General Assembly action			Amount assessed	Balance to be assessed
1-31 December 1995	Resolution 50/235:	appropriation	115 373 000	-	115 373 000
1 January-31 March 1996	Decision 50/410 B:	authorization	100 000 000	89 484 800	10 515 200
1 January-31 May 1996	Decision 50/481:	authorization	50 000 000	-	50 000 000
1 January-30 June 1996	Resolution 50/235:	authorization	90 562 100	-	90 562 100
1 July-30 September 1996	Resolution 50/235:	authorization	18 693 450	-	18 693 450
1-31 October 1996	Decision 50/410 C:	authorization	6 231 150	-	6 231 150
Total			380 859 700	89 454 800	291 374 900

B. United Nations Peace Forces: amounts not yet assessed (net)

(United States dollars)

Period	General Assembly action			Amount assessed	Balance to be assessed
1-31 December 1995	Resolution 50/235:	appropriation	113 866 300	-	113 866 300
1 January-31 March 1996	Decision 50/410 B:	authorization	98 430 700	87 915 500	10 515 200
1 January-31 May 1996	Decision 50/481:	authorization	49 215 350	-	49 215 350
1 January-30 June 1996	Resolution 50/235:	authorization	89 826 050	-	89 826 050
1 July-30 September 1996	Resolution 50/235:	authorization	17 361 600	-	17 361 600
1-31 October 1996	Decision 50/410 C:	authorization	5 787 200	-	5 787 200
Total			374 487 200	87 915 500	286 571 700

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GENERAL ASSEMBLY
Fifty-first session
Agenda item 58
QUESTION OF CYPRUS

SECURITY COUNCIL
Fifty-first year

Letter dated 14 October 1996 from the Permanent Representative of Cyprus to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to bring to your attention a new grave development in Cyprus concerning the murder in cold blood of an innocent Cypriot civilian by the Turkish occupation troops.

On Sunday, 13 October 1996, at about 7.30 a.m., Turkish soldiers shot dead Petros Kakoullis, a 58-year-old refugee from the occupied Lefkoniko township who resided since the Turkish invasion in 1974 at Avgorou village. Mr. Kakoullis, who was shot in the area behind the old Akhna village police station, had gone with his son-in-law, Panicos Hadjiathanassiou, to collect snails. This area is adjacent to the British bases and it is easy for anybody who is not familiar with the surroundings to find himself by mistake in the part controlled by the Turkish Army.

According to the eye-witness account of the victim's son-in-law, Mr. Kakoullis, when confronted by the two Turkish soldiers, raised his hands with the intention of giving himself up. Despite this, the two Turkish soldiers shot him and when he fell down they approached and fired at him again from close range while he was lying on the ground. The Turkish occupation forces did not allow anyone to approach the victim and he was left helpless on the ground for almost four hours.

Turkish allegations that the soldiers fired warning shots and then shot the victim while he was trying to escape are distinctly disproved by eye-witness testimony.

This is the fourth cold-blooded killing of unarmed Greek Cypriots over the past three months to take place in Cyprus by Turkish soldiers. In all instances, no danger whatsoever was posed to the Turkish occupation forces.

The United Nations Peace-keeping Force in Cyprus (UNFICYP) has stated that the loss of the innocent life of Mr. Kakoullis was "the result of the deplorable and unnecessary use of lethal force". Moreover, it emphasized that, "whatever the circumstances of yesterday's (13/10/96) disproportionate response, UNFICYP insists on the principle that deadly force must not be used by either side against persons who cross the respective cease-fire lines or enter the United Nations buffer zone", especially when lives of soldiers are not in danger.

It is evident that the sinister objective of these Turkish criminal actions is to further the division and partition of the island and promote the Turkish position that it is supposedly impossible for the two communities to live together in a reunited Cyprus. The Government of the Republic of Cyprus, as well as the international community in repeated United Nations General Assembly and Security Council resolutions, rejects these Turkish positions.

On behalf of my Government, I wish strongly to protest the brutal crime committed yet again by the Turkish occupation forces in Cyprus and to call upon you and the members of the Security Council to take all necessary steps to end these criminal acts and to see that those responsible be held fully accountable and brought to justice.

I should be grateful if you would have the present letter circulated as a document of the General Assembly, under agenda item 58, and of the Security Council.

(Signed) Nicos AGATHOCLEOUS
Ambassador
Permanent Representative
of the Republic of Cyprus
to the United Nations